

Medigap Changes in 2006:

Medigap Policies with Prescription Drug Coverage (H, I, J)

1. No new Medigap policy H, I and J with coverage for prescription drugs may be sold or issued as of January 1, 2006.
2. Medigap policies in effect as of December 31, 2005 may not be renewed *except* under two conditions:

a. Condition #1: The policy may be renewed if it is modified to *remove* the prescription drug coverage.

What are the consequences of this decision?

- Beneficiary choices:
 - The beneficiary may choose to keep the H, I, or J Medigap policy as modified to exclude prescription drug coverage.
 - The beneficiary may choose to cancel the H, I or J plan as modified to exclude prescription drug coverage. The beneficiary will have guaranteed issuance for 63 days to enroll in a plan A, B, C or F that is issued by the same company that had issued the H, I, or J policy.
- **What factors might influence the beneficiary's decision about remaining in the modified H, I, or J policy or switching to another policy with guaranteed issuance?**
 - A Medigap policy H, I, or J plan as modified to eliminate prescription drug coverage is similar to a C policy *except* that:
 - A C policy does not cover Part B "excess charges" by a provider that does not accept assignment, as does a plan I, or J.
 - Nor does a C policy cover up to \$120 worth of preventive benefits that Medicare does not cover if a doctor orders them, such as an annual physical exam or an eye exam, as does a plan J.
 - A Medigap policy H, I, or J plan as modified to eliminate prescription drug coverage is similar to a F policy *except* that:
 - An F policy does not cover Part B "excess charges" by a provider that does not accept assignment, as does a plan I, or J.

- Nor does an F policy cover at home recovery, up to 40 visits per year, covered at no more than \$40 per visit, or \$1600 per year for home care services, such as homemaker services, that do not meet the Medicare home health criteria *after* a beneficiary has used, but no longer qualifies for Medicare-covered home health care, as is covered by plans I and J,
 - Nor does plan F cover up to \$120 worth of preventive benefits that Medicare does not cover if a doctor orders them, such as an annual physical exam, as does a plan J.
 - Plan F *does* cover the Medicare Part B deductible.
- Two other Medigap plans that insurance companies are not required to offer to beneficiaries leaving modified H, I, or J policies, but that might be issued by insurers to their customers are plans D and G.
 - Plan D is similar to H, I and J *except* that it does not cover the Medicare Part B deductible as does plan J,
 - Plan D does not cover "excess" Part B charges as do plans I, and J
 - Nor does plan D cover at home recovery as do plans I and J.
 - Plan D *does* cover up to \$120 in extra preventive services that Medicare does not cover.
- Plan G is similar to plans H, I or J *except* that
 - Plan G does not cover the Medicare Part B deductible or the extra preventive services that plan J covers

b. Condition # 2: The beneficiary keeping the H, I, or J Medigap policy *with* prescription drug coverage does *not* enroll in a Medicare Part D plan.

What are the consequences of this decision?

- The beneficiary would have a Medigap H, I, or J policy *with* prescription drug coverage after January 1, 2006, but would not enroll in a Medicare Part D plan for 2006.
- The beneficiary's prescription drug coverage would not be as extensive as the benefits offered by a standard Part D plan because the Medigap plan H, I, or J prescription drug benefit is capped and does not have the catastrophic benefit that Part D plans must offer to their enrollees.
- If a beneficiary who retains a Medigap H, I, or J Medigap policy *with* prescription drug coverage after January 1, 2006 decides at a later time to enroll in a Medicare Part D plan, s/he would likely have to pay the late enrollment penalty premium and would have to wait to enroll during the next Annual Coordinated Election Period for the following year.
 - It is not likely that Medigap policies H, I, or J will be found to be "creditable coverage" that would give a beneficiary a special enrollment period to join a Part D plan.

Source: Section 104 (a)(1) of the Medicare Modernization Act, creating Section 1882(v) of the Social Security Act.